

Guotai Junan Greater China Growth Fund

*Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"



Monthly Report - 31 May 2024

Important Information

The Fund may invest in listed companies that derive a significant portion of their revenues from goods produced or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China, the Hong Kong & Macau Special Administrative Regions and Taiwan.

The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and is usually more sensitive to price movements.

The value of the Fund can be volatile and could go down substantially within a short period of time.

The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.

Investors should not make investment decisions based on this material alone. Please refer to the explanatory memorandum, including the risk factors involved.

The Manager may at its discretion pay dividends out of or effectively out of the capital of the Fund. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment and may result in an immediate reduction of the Net Asset Value per Unit of the Fund.

Investment Objective

To achieve medium- to long-term capital appreciation by investing in listed companies which are domiciled in or have operating incomes from the Greater China region (Mainland China, Hong Kong, Macau and Taiwan).

Fund Performance (Class A)

Calendar Year Performance	2010 ¹	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
The Fund (%)	12.15	-33.37	18.42	12.02	1.37	-6.99	-8.66	27.53	-16.33	13.85	42.28	-6.00	-19.49	-13.36
Hang Seng Total Return Index (%) ³	8.57	-17.38	27.46	6.55	5.48	-3.92	4.30	41.29	-10.54	13.04	-0.29	-11.83	-12.54	-10.46

1. Calculated since 1 Jan 2010 2. Measured as of 31 May 2024

3. A reference index for comparative purposes only

Cumulative Performance	1 Mth	3 Mths	6 Mths	YTD ²	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	2.79	9.21	0.57	3.57	-6.46	-35.19	5.87
Hang Seng Total Return Index (%) ³	2.54	10.88	7.57	7.40	3.34	-31.41	-20.91

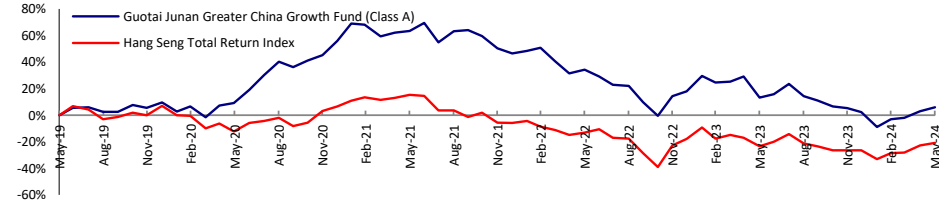
Fund Facts

Manager	Guotai Junan Assets (Asia) Limited
Inception Date	19 Nov 2007
Domicile	Hong Kong
Trustee & Registrar	HSBC Institutional Trust Services (Asia) Limited
Auditor	Ernst & Young
Dealing Frequency	Daily
Base Currency	Hong Kong Dollar
NAV	HKD 85.83
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	HK0000315355

Last update: 31 May 2024

The performance is measured in NAV-to-NAV in fund currency with net income reinvested

5 Year Performance



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 May 2024

The performance is measured in NAV-to-NAV in fund currency with net income reinvested

Subscription and Redemption

Min. Initial Subscription	HKD 10,000
Subscription Fee	Up to 5%
Annual Management Fee	1.5% p.a.
Redemption Fee*	
Less than 6 mths	1%
6 mths or more but less than 12 mths	0.75%
12 mths or more but less than 18 mths	0.50%
18 mths or more but less than 24 mths	0.25%
24 mths or more	Waived

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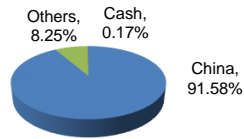
*The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of HK SAR

Top Ten Holdings⁴

Company	%
Alibaba Group Holding Ltd	7.51
China State Construction Int	5.32
Byd Co Ltd-H	4.51
Kunlun Energy Co Ltd	4.49
China Oilfield Services-H	4.09
Kuaishou Technology	3.85
China Overseas Property Hold	3.81
Avichina Industry & Tech-H	3.64
Crrc Corp Ltd - H	3.61
China Railway Group Ltd-H	3.40

4. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Exposure by Major Revenue Source⁵



5. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Industry Allocation⁶

Consumer Discretionary	27.68%
Industrials	24.35%
Communication Services	12.17%
Health Care	10.97%
Utilities	4.49%
Energy	4.09%
Consumer Staples	4.04%
Real Estate	3.81%
Information Technology	3.29%
Materials	2.99%
Financials	1.97%

6. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd, based on the Global Industry Classification Standard.

Market Outlook and Investment Strategy

US equities rallied in May, supported by several strong corporate earnings and hopes that Fed rate cuts are still on the way later this year. Information technology led the way. The S&P 500, the Nasdaq Composite and the Dow rose by 4.80%, 6.88% and 2.30%, respectively. Data wise, US annual inflation rate slightly eased to 3.4% in April from 3.5% in March. The core personal consumption expenditures (PCE) price, the Fed's preferred inflation gauge, rose by 0.2% MoM in April, below the consensus of 0.3%. The Nonfarm Payrolls added 175K jobs in April, a deceleration compared to the upwardly revised 315K jobs added in March, below market expectations of 243K, signaling a cooldown in the US labor market. In the month-beginning FOMC, the Fed kept the interest rates unchanged, as expected, and stated that interest rates were likely to stay "higher for longer" given the recent readings of inflation remained sticky. Fed Chair Powell also highlighted that interest rate rises were unlikely. Going forward, we are aware of the potential risk of "higher for longer", and we believe high interest rates environment will weigh on the US economy. A soft landing should be achievable as it is the year of presidential election.

A-share consolidated in May, as investors become more rational with some profit-taking post the 3-month rally. The CSI300 Index slid by 0.68%, and the ChiNext Index declined by 2.87%. Recent economic data suggested the recovery was bumpy. The official NBS Manufacturing PMI declined to 49.5 in May from 50.4 in April, missing market forecasts of 50.5, marking the first contraction in factory activity since February. The official NBS Non-Manufacturing PMI ticked lower to 51.1 in May from 51.2 in the previous month, missing market forecasts of 51.5. CPI edged up rose to 0.3% in April from 0.1% in March, in line with expectations. Imports and exports grew by 8.4% and 1.5% YoY in April, respectively, beating market expectations. During the month, two provincial capitals (Hangzhou and Xi'an) lifted all home buying restrictions to attract potential buyers. Later on, Beijing announced a multi-dimensional relaxation on every aspect of the housing market, ranging from cutting down-payment ratio and mortgage rates to reduce housing inventory. Industry experts said the sweeping measures marked an "unprecedented" move in order to revive the housing market, while the effectiveness of the policy combo remains to be seen. Looking forward, the economic outlook is quite challenging as reflected by insufficient internal demand and lack of confidence. We believe the policy stance will stick to pro-growth and more measures will be announced to protect further downside of the economy. Considering internal uncertainties and external challenges, we are cautiously optimistic with the long-term development of Chinese economy.

Benefitted from rising inflows, Hong Kong equities stayed in positive territories in May. The HSI rose by 1.78%, and the HSTECH edged down by 0.27%. Recent local economic data were disappointing. HK imports and exports rose by 3.7% and 11.9% in April, respectively. Retail sales plummeted by 16.5% YoY in April from an upwardly revised 8.7% fall in March, marking the second consecutive month of falling retail activities. One of the reasons should be contributed to the trend of cross-border consumption in mainland China by HK residents. The annual inflation rate slowed to 1.1% in April from 2% in March, below market forecasts of 2.1%. It was the lowest inflation rate since June 2021. Regarding the housing market, home transactions cooled down in May, suggesting the rebound after property curbs were lifted may not last long. Looking forward, we remain bearish on HK local economy. It takes time for both the real economy and investors' confidence to restore. We have been patient and prudent to catch up opportunities from irrational selloffs. There should be more structural opportunities for long term investments.

Disclaimer

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